

Mr. JOHNSTON: I think the record shows we have not got a monopoly; we have not got control of the New Brunswick Telephone Company.

Mr. HATFIELD: I do not know whether you have or not; you control it. The Northern Electric may have the balance; you have 48 percent.

Mr. JOHNSTON: I think I can say quite definitely that the control of the New Brunswick Telephone Company is held as between Nova Scotia and New Brunswick from our recollection of the last annual report by something like 5,000 shareholders in the two provinces. They are the ones who hold the control of the New Brunswick Telephone Company. I may say that the Bell Telephone Company has no desire to control the New Brunswick Telephone Company.

Mr. HATFIELD: You put a manager down there to manage it.

Mr. ARCHIBALD: Mr. Chairman, I am looking at this balance sheet and I see series B, a long term debt which paid 5 per cent interest. When was that bond issue floated?

Mr. JOHNSTON: Was that in the report?

Mr. ARCHIBALD: Yes, it is on the balance sheet.

Mr. JOHNSTON: That was the issue that was redeemed in March of 1947.

Mr. ARCHIBALD: When was it floated?

Mr. JOHNSTON: In 1927. It happened to be a thirty-year security maturing in 1957 and callable in 1947.

Mr. ARCHIBALD: Now, there is another, series E, maturing on March 1, 1957. When was that floated?

Mr. JOHNSTON: March 1, 1947, and it was due to the proceeds of that issue that we were able to redeem the \$30,000,000 5 per cent bonds, series B.

Mr. ARCHIBALD: In other words, over a period of twenty years the charge on borrowed money has dropped 40 per cent. This one was floated in 1947 and dropped 3 per cent. That is a drop of 40 per cent on the charge of borrowed money.

Mr. JOHNSTON: That is on a particular issue of bonds.

Mr. ARCHIBALD: Now, this gentleman with the white hair here said they would go out maybe in ten years and borrow some more money and the rate of interest might go up. Over a period of years the rate of interest has constantly fallen, the charges on borrowed money are falling.

Mr. JOHNSTON: Might I answer that? If you take the history you will find the same kind of money was being loaned at the beginning of this century at about 3 per cent. If you follow the history of the cost of money over the last fifty years you will find that from the beginning of this century up to about the middle twenties the cost had risen from 3 to 5 per cent. From the middle twenties up to today it had the reverse action. I am not the one to say it is going to turn and move in opposite direction from here on.

Mr. ARCHIBALD: Now, according to the last dividend you paid on this common stock you are going to issue like what is issued now, how much did \$100 give? Not the \$160. What did it pay?

Mr. MUNNOCH: Every share paid \$8 last year.

Mr. ARCHIBALD: \$8 on the \$100.

Mr. MUNNOCH: On whatever you paid for; one share, \$8.

Mr. ARCHIBALD: How much would it be at \$100?

Mr. MUNNOCH: If you bought it at \$100 it would be 8 per cent.

Mr. ARCHIBALD: If you went out and borrowed the money you could borrow it for 3 per cent, but if you float it you have to pay 8 per cent; therefore the man who owns the telephone has to stand the rap. Certainly you cannot put it any other way.